

# HOUSE BILL No. 1159

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-36-7.

**Synopsis:** Cancellation of property taxes. Provides that the department of local government finance may under certain circumstances cancel any property taxes assessed against real property owned by certain local governmental entities or the state, regardless of whether the property taxes were assessed before or after the governmental entity or the state became the owner of the real property.

**Effective:** July 1, 2016.

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**Smith V**

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January 7, 2016, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## HOUSE BILL No. 1159

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-36-7, AS AMENDED BY P.L.172-2011,  
2       SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2016]: Sec. 7. (a) The department of local government finance  
4       may cancel any property taxes assessed against real property owned by  
5       a county, a township, a city, a town, or a body corporate and politic  
6       established under IC 8-10-5-2(a), **regardless of whether the property**  
7       **taxes were assessed against the real property before or after the**  
8       **county, township, city, town, or body corporate and politic became**  
9       **the owner of the real property**, if a petition requesting that the  
10      department cancel the taxes is submitted by the auditor, assessor, and  
11      treasurer of the county in which the real property is located.

12      (b) The department of local government finance may cancel any  
13      property taxes assessed against real property owned by this state,  
14      **regardless of whether the property taxes were assessed against the**  
15      **real property before or after the state took title to the real**  
16      **property**, if a petition requesting that the department cancel the taxes  
17      is submitted by:



(1) the governor; or

(2) the chief administrative officer of the state agency which supervises the real property.

However, if the petition is submitted by the chief administrative officer of a state agency, the governor must approve the petition.

**(c) If property taxes are canceled under subsection (a) or (b), any lien on the real property for the canceled property taxes that were assessed against the real property before or after the county, township, city, town, body corporate and politic, or state became the owner of the real property shall be released and canceled.**

~~(c)~~ **(d)** The department of local government finance may compromise the amount of property taxes, together with any interest or penalties on those taxes, assessed against the fixed or distributable property owned by a bankrupt railroad, which is under the jurisdiction of:

(1) a federal court under 11 U.S.C. 1163;

(2) Chapter X of the Acts of Congress Relating to Bankruptcy (11 U.S.C. 701-799); or

(3) a comparable bankruptcy law.

~~(d)~~ **(e)** After making a compromise under subsection ~~(c)~~ **(d)** and after receiving payment of the compromised amount, the department of local government finance shall distribute to each county treasurer an amount equal to the product of:

(1) the compromised amount; multiplied by

(2) a fraction, the numerator of which is the total of the particular county's property tax levies against the railroad for the compromised years, and the denominator of which is the total of all property tax levies against the railroad for the compromised years.

~~(e)~~ **(f)** After making the distribution under subsection ~~(d)~~ **(e)**, the department of local government finance shall direct the auditors of each county to remove from the tax rolls the amount of all property taxes assessed against the bankrupt railroad for the compromised years.

~~(f)~~ **(g)** The county auditor of each county receiving money under subsection ~~(d)~~ **(e)** shall allocate that money among the county's taxing districts. The auditor shall allocate to each taxing district an amount equal to the product of:

(1) the amount of money received by the county under subsection ~~(d)~~ **(e)**; multiplied by

(2) a fraction, the numerator of which is the total of the taxing district's property tax levies against the railroad for the compromised years, and the denominator of which is the total of



all property tax levies against the railroad in that county for the compromised years.

~~(g)~~ **(h)** The money allocated to each taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that property taxes are apportioned and distributed.

~~(h)~~ **(i)** The department of local government finance may, with the approval of the attorney general, compromise the amount of property taxes, together with any interest or penalties on those taxes, assessed against property owned by a person that has a case pending under state or federal bankruptcy law. Property taxes that are compromised under this section shall be distributed and allocated at the same time and in the same manner as regularly collected property taxes. The department of local government finance may compromise property taxes under this subsection only if:

(1) a petition is filed with the department of local government finance that requests the compromise and is signed and approved by the assessor, auditor, and treasurer of each county and the assessor of each township (if any) that is entitled to receive any part of the compromised taxes;

(2) the compromise significantly advances the time of payment of the taxes; and

(3) the compromise is in the best interest of the state and the taxing units that are entitled to receive any part of the compromised taxes.

~~(i)~~ **(j)** A taxing unit that receives funds under this section is not required to include the funds in its budget estimate for any budget year which begins after the budget year in which it receives the funds.

~~(j)~~ **(k)** A county treasurer, with the consent of the county auditor and the county assessor, may compromise the amount of property taxes, interest, or penalties owed in a county by an entity that has a case pending under Title 11 of the United States Code (Bankruptcy Code) by accepting a single payment that must be at least seventy-five percent (75%) of the total amount owed in the county.

